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ABSTRACT

This newsletter theme issue presents two separate articles: (1) "Toward More Integrated Special Education Funding and Services: A Federal Perspective" (Deborah A. Verstegen) and (2) "Toward More Integrated Special Education Funding and Services: A Local Perspective" (Margaret J. McLaughlin). The first article discusses results of a study of the fiscal requirements of federal special education policy. The study identified options for reform and attempted to cross-validate information from interviews with approximately three dozen policymakers, scholars, and federal and state officials. Sixteen specific recommendations for fine-tuning the Individuals with Disabilities Education Act are listed. The second article focuses on the lack of coordination across integrated programs at the classroom level; identifies three collaborative models; describes various administrative mechanisms to promote flexibility and consolidation; and considers challenges to greater program consolidation such as a shortage of bilingual teachers, requirements of categorical programs, and human factors. The importance of local efforts as well as federal and state policy changes in fostering program consolidation is stressed. (DB)

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the CSEF resource

Center for Special Education Finance Fall 1995

Toward More Integrated Special Education Funding and Services: A Federal Perspective

Deborah A. Verstegen, University of Virginia

Over the past two decades, under the provisions of the Individuals with Disabilities Education Act (IDEA), significant increases have occurred in the access of students with disabilities into special education programs and related services in public elementary and secondary schools across the nation. More recently, attention has focused on the environment in which programs are provided and the outcomes students with disabilities achieve. As lawmakers, educators, and others examine these and other emerging issues under the aegis of the reauthorization of the IDEA in Congress, numerous questions are being raised concerning changes in law and practice that may be necessary to enhance the Act and fine-tune it for the 21st century.

This article discusses the results of a study designed to address issues specifically related to the fiscal requirements of federal special education policy. A review of the scholarly literature and testimony presented at hearings on the reauthorization of the IDEA were examined and used to develop a preliminary catalogue of options for reform and to cross validate information from approximately three dozen interviews conducted with policymakers, scholars, and federal and state officials.

About CSEF

The Center for Special Education Finance was established in 1992 to address a comprehensive set of fiscal issues related to the delivery and support of special education services to children throughout the United States. CSEF's mission, as well, is to provide information needed by policymakers to make informed decisions regarding the provision of services to children with disabilities, and to provide opportunities for information sharing regarding critical fiscal policy issues.

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Key Issues

General questions posed for the study included the following:

- Are there barriers in federal law or practice that discourage the appropriate inclusion of children with disabilities into the general education classroom?
- What options are available to reduce fragmentation and foster more inclusive programs for exceptional children and youth when appropriate, particularly as related to fiscal accountability requirements under the IDEA?
- What should be the role of special education in the education reform movement and *Goals 2000* initiative?

A Call for More Integrated Programs

Based on a wealth of research, as well as the best thinking of a number of interviewees, this study explored a full gamut of federal options for more coordinated programs for exceptional students aimed at enhanced outcomes — from "do nothing" to the full incorporation of the IDEA into a single federal block grant. However, it seems fairly clear from study findings that neither of these extremes is likely to be the most effective or desirable, but rather that some middle course of action is needed.

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Feature

Toward More Integrated Special Education Funding and Services:
A Local Perspective

Margaret J. McLaughlin, University of Maryland
Institute for the Study of Exceptional Children and Youth

The segregation and fragmentation of educational experiences for students receiving services through state and federal categorical programs, such as Title I of the Improving America's Schools Act (IASA) and Part B of the Individuals with Disabilities Education Act (IDEA), are issues of increasing concern to program administrators and educational policymakers.

The lack of coordination across programs at the classroom level and the lack of strong evidence to support the efficacy of pull-out instruction have prompted school administrators to examine new models of collaboration and consolidation to create more integrated programs for students considered to be at risk. In addition, recent federal legislation (such as *Goals 2000: Educate America Act*, the *School-to-Work Opportunities Act*, and *IASA*) contains specific provisions for waivers of certain federal statutory and regulatory programs in order to encourage greater state and local flexibility and innovation in their school improvement efforts.

Local Trends and Issues

To begin to identify local efforts to consolidate or blend federal and state categorical educational programs, an exploratory study was conducted in California, Maryland, and Massachusetts. Since the early 1980s, California has had a major initiative called *Every Student Succeeds (ESS)* to consolidate state categorical programs. Massachusetts has a five-year grant program, *Restructuring Schools for the Integration of All Students*, to support consolidation efforts in seven school districts. Maryland does not have a specific statewide effort, but several local education agencies have designed programs to promote greater collaboration. Twenty-two state and local program administrators in these states were interviewed about the degree of program consolidation occurring in their schools. The study results identify some of the strategies being used to promote these new models, as well as issues or barriers to achieving greater collaboration.

Collaborative Models

Local administrators reported using a variety of collaborative models, including the three described below. Almost every administrator spoke of the need to stop pulling students out of classes and to find ways to supplement core instruction to meet individual students' needs.

- **Teacher collaboration model** — categorical teachers instructing only eligible or identified students but working together to ensure instructional continuity. Some schools have special teachers come into regular classrooms to work with identified students or provide specialized services in an after-school program. Other schools organize a student study team or a similar support team, including regular classroom teachers and categorical specialists, to provide support to individual teachers regarding specific students.
- **Team teaching model** — collaboration among teachers who instruct heterogeneous groups of students to provide extra assistance in a regular classroom and reduce special education referrals. In Massachusetts, "support specialists" work within classrooms with individuals or small groups who need academic help. Some of the students are eligible for categorical programs; some are not. All teachers in the building collaborate, communicate, and divide classroom responsibilities.
- **Learning resource center model** — a center staffed by resource specialists funded by various categorical programs where students come for short- or long-term assistance regardless of program eligibility. This model is used in some California districts and several other states. Originally created for students identified as learning disabled, the centers have expanded to serve students with a range of short and longer term academic needs. Although students are "pulled out" of regular classrooms, the centers require collaboration across categorical programs, as well as between these program specialists and the general classroom teacher. Additionally, the co-funding of staff positions facilitates service to multifunded students.

Program Administration

Districts are clearly moving toward greater collaboration among teachers and a greater emphasis on providing supplemental education and support

within the context of regular classrooms. Efforts to create more flexibility tend to be focused at the school level, while program administration and fiscal management remain largely separate in the districts.

Interviewees described a variety of administrative mechanisms to promote flexibility and consolidation.

One is use of the *School Improvement Plans (SIP)*, typically developed through consensus of principal and staff, parents, and community members. District administrators use SIP's to encourage more innovative uses for school resources. They believe the process works only if schools are permitted to use resources flexibly, but are also required to develop consolidated staffing plans and other strategies that reinforce a climate of collaboration.

Schoolwide Title I programs, using models like those described above or a school-based consolidated budget process, were the easiest to involve in consolidation, according to interviewees. Although staff positions may come to the school funded by a specific budget, they can be used to support a collaborative teaching model. Local district administrators were relying on the permission of state-level program administrators to develop these more collaborative models.

A *replacement model*, using a variety of resources to staff a classroom with two teachers, was approved by the federal Title I administration for Maryland. In some Maryland districts, one teacher is locally funded and the second is funded by Title I monies, based on the number of Title I-eligible students in the classroom, and state compensatory education monies.

Consolidated grants applications require various program directors to develop service delivery proposals collaboratively. Most California school districts use this process, but few actually mingle funds and only limited staff collaboration is occurring in many districts. The application is seen as only a first step, as was reported in Massachusetts, but the process reportedly creates greater school-level collaboration.

In California a *coordinated compliance review* is conducted every four years by a team of program staff to examine all of the district's categorical programs and to model collaboration and cross-program communication.

Broader restructuring initiatives, like California's ESS, also provide a framework for districts to engage in a comprehensive planning process to ensure that *all* students are learning the state's core curriculum.

Challenges to Program Consolidation

Administrators identified several issues that pose challenges to greater program consolidation:

Having program leadership and an advocate for collaborative programs "at the top" are critical for success.

- **Multifunded students** — Conceptualizing the flow of resources to these students remains difficult without a comprehensive redesign of service programs. This, in turn, creates the need to examine other policies, such as teacher certification, which create barriers to program flexibility.
- **Shortage of bilingual teachers** — Enabling bilingual students to access the full curriculum is severely affected by this shortage and by the increasing number of languages spoken in the classroom.
- **Program audits and the "non-supplanting" requirements of categorical programs** — Constraining collaboration is the fear of audits, particularly of Title I programs, and the regulations inherent in categorical programs, even though the need for some regulation is widely acknowledged.
- **Human factors** — Having program leadership and an advocate for collaborative programs "at the top" are critical for success. Barriers to effective consolidation include a lack of knowledge of program regulations; a tendency for "turf guarding"; strong advocacy for particular programs; deficits in teacher motivation, certification, and qualifications; and fear among general educators that special education had power to "take over" consolidated programs.

Conclusions

- Neither federal nor state policy changes designed to foster more program consolidation are sufficient. Local efforts require grass roots leadership and a commitment to change on the part of district and school building leadership.
- Consolidation of programs typically means that human resources can be used more flexibly, but funds are rarely mingled with district or school budgets. Increasingly, district accountability is focused less on ensuring how teachers spend their time than on ensuring that students are making progress or are receiving specific supplementary services.

This article is based on CSEF Policy Paper No. 5, Consolidation of Special Education Funding and Services: A Local Perspective, by Margaret J. McLaughlin (March 1995).

FEDERAL PERSPECTIVE *(continued from page 1)*

A summary of specific recommendations for finetuning the IDEA, suggested by respondents to this study, appears in the table below. Overall, a consensus was reported that special education reform should be, and in fact is, integrally tied to changes occurring in the entire education system. Given the new constructs of high quality education standards for *all* children at *all* schools, interviewees considered what steps the federal government might take to move from the current set of fragmented, uncoordinated funding and service models to a new, more unified model of provision.

Some argue that no changes in federal statutes, regulations, or guidelines are needed because all of the flexibility required is already in place, if state and local decisionmakers just seek it out and make full use of it. However, while examples of school districts with integrated, unified service provision can be found under extant rules and regulations (McLaughlin, 1995), it is clear that the current provisions and state and local practices have, for the most part, resulted in disjointed, rather than unified, schooling systems.

Fiscal accountability provisions related to categorical aid programs are seen by others as providing obstacles to greater integration and improved outcomes for all students. Finetuning the full set of accountability standards under current law, in which the learning requirements of special needs students are more fully conceptualized and aligned with the needs of all students, may provide one answer to this problem. Augmenting accountability models with updated

Recommendations for More Integrated Funding and Services

- Maintain the fundamental objectives of the IDEA as stated in statute, but finetune the Act to meet the requirements of the information age and global economy.
- Reflect a unified national vision of reform in policy, rules, and regulations — across programs and finances, and across the diverse set of federal actors impacting localities, including those in policy, programs, auditing, and monitoring.
- Clarify and emphasize the provisions of current law that allow localities to integrate and coordinate programs and services for students with disabilities to the maximum extent possible, but do not blend funding streams. *That is, maintain categorical aid; do not provide block grants.*
- Consolidate selected categorical aid programs under the IDEA to broaden their scope within the parameters of current law, such as the discretionary program authorities.
- Provide an authoritative and definitive review of all current accountability and monitoring requirements related to the IDEA that impact localities, and determine what is and what is not required by law and what is permissible regarding local flexibility. Disseminate results broadly.
- Review the "maintenance of effort" provision and consider changing the required level of effort to 90 percent rather than 100 percent, under certain specified conditions (e.g., for small school districts), or allowing adversely affected districts to seek an exception to this provision.
- Determine and clarify, through policy guidance, rules, or regulations, the extent of flexibility in the "supplement-not-supplant" fiscal accountability provisions; apply these requirements consistently.
- Provide written guidance or rules and regulations on the "incidental benefit rule" to clarify what and when special education services, personnel, materials, and equipment are permitted to be used for non-special education students.

systems that include a focus on pedagogy and results, but maintain the current input standards, have also been urged, as have clarifying and broadening fiscal requirements under current law.

A Range of Federal Options

To respond to these concerns will require some changes in direction at the federal level. What form should these changes take? While the current system may allow the needed flexibility for greater local integration and coordination, in fact it has resulted in highly fragmented, segregated services in the vast majority of school systems across America. Conversely, a single federal block grant is feared because this extreme version of blended funding may cause the important guarantees that the individual categorical laws were designed to protect to disappear. Rather than a radical change in law, it seems that what is really needed is a shift in emphasis or direction under the current provisions of the IDEA. Beyond tolerating integration and coordination, a new policy atmosphere needs to be created in which these practices are clearly fostered and encouraged, across the diverse set of actors involved with national disability policy, and at all levels of the system.

This article is based on CSEF Policy Paper No. 6, Consolidation of Special Education Funding and Services: A Federal Perspective, by Deborah A. Verstegen (July 1995).

- Reinstate the fiscal data collection provision that was repealed in the 1990 IDEA Amendments, and report fiscal information to Congress annually. Develop and report linkages between cost indicators and pedagogical practices that enhance outcomes for exceptional children and youth.
- Allow a set-aside of 5 to 10 percent of assistance under the IDEA to bridge services within education or across education and other agencies, to be used at local discretion.
- Provide adequate federal aid to close the gap between authorizations and appropriations.
- Encourage states to (a) broaden special education teacher certification categories, (b) review SEA organization with attention to noncategorical organizational arrangements, (c) review and improve their special education finance systems and programmatic policies to insure that incentives are not provided for more restrictive placements, and (d) identify state versus federal rules and regulations for special education and report this information to localities.
- Design, disseminate, and provide training in new models of accountability that include process and outcome accountability (but do not replace input accountability) to direct attention to results in education and emerging new practices and pedagogies for students with disabilities educated in general classroom settings.
- Develop national standards regarding the inclusion of children with disabilities in statewide assessments and reports. Collect and report the extent of participation and outcomes by state, and the criteria used to determine permissible exclusions and accommodations.
- Provide a statement in the purposes section of the IDEA to reiterate that students with disabilities are full participants in state and local education reform and the *Goals 2000* initiative.
- Facilitate the full inclusion of exceptional pupils into the broad national discussion and debate over what all students should know and be able to do to achieve the national education goals and the corresponding and relevant content, performance, and opportunity-to-learn standards that are needed to achieve these upgraded outcomes.

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CSEF State Studies Continue

Since the last newsletter, CSEF completed its study of special education costs and revenues for the Massachusetts Department of Education and initiated work in Missouri.

Massachusetts

As a result of Massachusetts' Education Reform Act of 1993, state funding for special education changed from a system of weights related to student placement to a "census" system based on the overall population of students in the state. CSEF conducted this study to provide policymakers with information about the patterns of decisionmaking and resource allocation related to special education services in the state as a result of the recent reforms. Among the key findings:

- Schools spending proportionately more on *integrated resource programs* — one aspect of implementing an inclusionary service model — show no meaningful difference in the overall level of special education budgets, even when analysis controls for the type of school, type of district, or alternate measures of community wealth.
- The additional special education funding generated by the new state funding formula, combined with federal revenues, falls short of the estimated special education expenditure. Expenditures for special education students served within internal programs exceeded revenues by more than 20 percent.
- Despite the adoption of a census-based funding approach being applied to the vast majority of special education children, Massachusetts still maintains separate funding provisions for private residential placements. Thus, there continues to be a fiscal incentive to place certain categories of special education students in these separate placements.

Missouri

In March 1995, the Missouri State Board of Education established the State Special Education Finance Committee to consider a range of issues including the goals and cost efficiency of special education programs. CSEF Co-director Tom Parrish has been working with the committee in considering possible revisions to Missouri's special education funding formula. In addition to providing a conceptual framework for considering finance reform and sharing federal and state perspectives on reform, Tom has facilitated the committee's attempt to formulate concrete policy alternatives.

During its deliberations, the committee strongly considered moving away from its current resource-based funding system — which reimburses districts at a set rate for specified staff and a set rate for homebound and contractual services — toward a "census" system that is based on total district enrollments. However, in December 1995, the committee decided to adapt the current funding system to better suit the needs of the state's schools and its students with disabilities.

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Publications on the Horizon

Upcoming Policy Papers

CSEF will soon release two new policy papers on issues related to special education funding policy and reform:

- *The Future of Special Education Finance*, by Thomas B. Parrish, Co-director of CSEF, will focus on issues related to the upcoming reauthorization of the IDEA, including state finance issues affecting future policy, and the need to develop more results-based accountability systems.
- *Cost-Effectiveness of Instructional Support Teams in Pennsylvania*, by William T. Hartman and Todd A. Fay, Pennsylvania State University, will describe an innovative response to current fiscal and programmatic challenges in special education, which has been adopted in many states — *preferral intervention*. The paper will also examine the cost-effectiveness of Instructional Support Teams adopted in Pennsylvania.

Update of State Special Education Finance Systems

Two years ago CSEF issued a summary of state funding systems, based on survey information compiled for 1992–93. Staff, with the assistance of consultant Fran E. O'Reilly, have completed a new survey of state directors of special education, and are presently compiling the updated information. It will be available from CSEF during Spring 1996.

State Analysis Series Launched

To share the results of our work with individual states, CSEF recently introduced the *State Analysis Series* of papers. While CSEF *Policy Papers* focus on broad issues related to special education finance and program reform at various levels of governance, the *State Analysis Series* includes profiles (or case studies) of state special education finance reform based on interviews conducted with state special education administrators, findings of state cost analyses and resource allocation studies conducted by CSEF or other researchers contracted by CSEF, and other state-relevant reports. Featured states, thus far, include Kentucky, Oregon, Pennsylvania, and Vermont.

Six papers have been released and are available from CSEF:

- *A Profile of Special Education Finance Reform in Oregon*
- *A Profile of Special Education Finance Reform in Vermont*
- *The Politics of Special Education Finance Reform in Three States (Oregon, Pennsylvania, and Vermont)*
- *Impact of the Kentucky Education Reform Act on Special Education Costs and Funding*
- *Impact of the Kentucky Education Reform Act on Special Education Programs and Services: Perceptions of Special Education Directors*
- *A Case Study of "Supported Education" in Oregon: Resource Implications of Inclusion*

CSEF plans to issue additional papers in this series, including profiles of special education reforms in Florida, Massachusetts, and Pennsylvania.

To Order CSEF Publications

Copies of most CSEF publications can be ordered at no cost. Policy papers can be ordered for $12.00/copy or $60 for a complete set of seven papers, including postage and handling.

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In addition, the Committee made a series of legislative recommendations to:

- ensure more adequate funding of ancillary special education personnel who work for districts under contract and the provision of exceptionally high cost services for students with severe disabilities
- promote the approval of innovative service delivery systems that may involve waiving state regulations
- allow the Special Education Finance Committee to continue to study funding alternatives for special education

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New Policy Paper Explores Linkages Between State Funding Formulas and Separate Placements

CSEF has just issued Policy Paper No. 7, *State Special Education Funding Formulas and the Use of Separate Placements for Students with Disabilities: Exploring Linkages*, by Fran E. O'Reilly, CSEF consultant. A preview of this paper follows.

➤ Special educators and policymakers have increasingly focused on the need to meet the least restrictive environment (LRE) requirement of the IDEA and to implement more inclusionary educational practices. In addition, a growing number of states have been enacting special education finance and program reforms that often include changes in the special education funding formula and increased flexibility in decisionmaking at the local level. Within this context, O'Reilly explores the relationship between alternative types of state funding formulas and the use of separate placements for students with disabilities. The paper also identifies other characteristics of states that might be associated with the degree to which they use separate placements for the delivery of special education services. Results are based on analyses of state-level data reported by the Office of Special Education Programs (OSEP), CSEF survey data on state funding systems, and interviews with state special education administrators.

Key Findings

- Although state funding formulas may have *some* influence on the placement of students with disabilities, this relationship is "only one piece of a complex puzzle that includes a variety of other factors." *(No single type of funding formula was found for states that use separate placements the most.)*
- One variable found to have a relationship to the use of separate placements is population density — that is, states with higher population density tend to use separate placements to a greater extent than states with lower population density.
- Changes to the state funding formula *alone* are unlikely to create dramatic shifts in the placements of students with disabilities in the absence of other programmatic changes, such as staff training and support.

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